Before the Federal Communications Commission Washington, D.C. 20554

In the Matter of)	
)	
GLENDALE ELECTRONICS, INC.)	File No. 9806D142824
Regarding the License of SMR Station)	
WNGQ365, Santiago Peak And Mount Lukens,)	
California	ĺ	

MEMORANDUM OPINION AND ORDER

Adopted: January 27, 2004 Released: February 9, 2004

By the Commission:

I. INTRODUCTION

1. We have before us an Application for Review (Application) filed by Glendale Electronics, Inc. (GEI) on December 5, 2002. The Application seeks review of an order released by the Commercial Wireless Division's Policy and Rules Branch (Branch) on November 5, 2002, denying GEI's Petition for Reconsideration filed on April 6, 2001 (Petition). Finding that Station WNGQ365 had discontinued operations from November 1995, to at least May 1998, the *Branch Order* affirmed a letter released by the Division's Licensing and Technical Analysis Branch (Licensing Branch) explaining that the abovecaptioned license for Station WNGQ365 automatically cancelled pursuant to Section 90.157 of the Commission's rules. For the reasons discussed below, we deny GEI's Application for Review.

II. BACKGROUND

- 2. Three licenses are relevant to this proceeding: WNGQ365, WNHN211, and KGE571. Mr. Harry Kohli, Sr., d/b/a Glendale Electronics (Glendale), was the original licensee for Stations WNGQ365 and WNHN211, and the City of Los Angeles, on behalf of the Los Angeles Police Department (LAPD), is the licensee for Station KGE571. All three licenses have authorized operation at various times over the course of this proceeding at the same location at Mount Lukens in Los Angeles County, on the same frequency, 853.8875 MHz.⁴
- 3. In November 1994, Matson Development Corporation (Matson), the predecessor-ininterest to Lone Star Radio, Inc. (Lone Star), entered into an agreement with Glendale's General Manager, Paul Northup, apparently acting on behalf of Glendale, to assign Stations WNGQ365 and

¹ Application for Review, filed by Glendale Electronics, Inc. (Dec. 5, 2002).

² In the Matter of Glendale Electronics, Inc. Regarding the License of SMR Station WNGQ365, Santiago Peak and Mount Lukens, California, *Order*, 17 FCC Rcd 22189 (2002) (*Branch Order*).

³ Petition for Reconsideration, filed by Glendale Electronics, Inc. (Apr. 6, 2001).

⁴ Glendale was authorized to operate at Mount Lukens in LA County, California under WNHN211, and at Santiago Peak in Orange County and Mount Lukens in LA County under WNGQ365. LAPD is authorized under KGE571 to operate on several frequencies at San Pedro Hill, San Vincente, and Mount Lukens in LA County.

WNHN211 from Glendale to Matson (1994 Agreement).⁵ Pursuant to the Agreement, the license for Station WNHN211 was to be assigned to Matson and then to the LAPD.⁶ On February 20, 1996, the LAPD was granted a license, now KGE571, which includes the Mount Lukens site originally licensed on a primary basis to Station WNHN211. We, however, have no record that any assignment application for Station WNGQ365 from Glendale to Lone Star was ever filed or granted.⁷ Reasoning that operations for the station had been discontinued since November 1995, Lone Star decided not to submit the assignment application intending to allow Glendale's license for Station WNGQ365 to expire on its scheduled expiration date, June 8, 1998.⁸ Because Lone Star chose not to file an assignment application, Glendale remained the licensee of record in the Commission's database for Station WNGQ365.

- 4. In July 1997, because of Mr. Kohli's declining health, Ms. Frumeh Labow was appointed Conservator of his estate. According to GEI, Ms. Labow was unaware of the license for Station WNGQ365 until she received an automated renewal reminder in May 1998. That same month, in response to the renewal notice, Ms. Labow filed a renewal application for the station. The Licensing Branch had no information at that time that the station had discontinued operations and therefore granted the uncontested renewal application on June 8, 1998, for a ten-year term. In July 1998, the Superior Court of Los Angeles County created the Kohli Family Trust and appointed A. Verne Tjarks as Trustee, who incorporated Glendale Electronics as Glendale Electronics, Inc. (GEI). In January 2000, Tjarks, who states that he had no knowledge of the 1994 Agreement, submitted an application seeking the assignment of the license for WNGQ365 from Glendale Electronics to GEI.
- 5. On February 4, 2000, while Glendale's assignment application was pending and after learning that the authorization for WNGQ365 had been renewed, Lone Star submitted a copy of an FCC Form 405A allegedly signed almost six years earlier by Harry Kohli on September 2, 1994, requesting cancellation of the station license for WNGQ365. According to Lone Star, the cancellation notice was part of the 1994 Agreement between Lone Star and Glendale, but having elected to let the license expire,

⁵ Branch Order, 17 FCC Rcd at 22190, ¶ 4. According to GEI, Mr. Kohli involuntarily withdrew from his business affairs because of a serious illness in November 1994, leaving his businesses, including Glendale, in the hands of its employees. *Id.* (citing Petition at Ex.1, Tjarks Declaration at 2-3).

⁶ *Id.* at 22190, ¶ 4 (citing Letter from Russell H. Fox, Counsel for Lone Star Radio, Inc. to Secretary, FCC at 1-2 (Dec. 1, 2000) (Lone Star December 1 Letter)).

⁷ Branch Order, 17 FCC Rcd at 22190, ¶ 4 (citing Lone Star 308(b) Reply at Ex.B, Matson Declaration at 2). According to Lone Star, the assignment application from Glendale to Matson for Station WNGQ365 was filed, but never processed. Henry Matson, in a declaration, stated that the file number for the assignment application of Station WNGQ365 was FCC File No. 501400. *Id.* at n.10. Our records show that File Number 501400 was Lone Star's attempt to take assignment of the license for Station WZN649, which, at the time of the application, was authorized to operate on frequency 853.5375 MHz. The Licensing Branch found technical problems with the assignment application for Station WZN649, and returned it to Lone Star. Our records do not reflect that the application was ever resubmitted.

⁸ *Id.* (citing Lone Star December 1 Letter at 2).

⁹ *Id.* at 22190, ¶ 5 (citing Letter of Conservatorship from John A. Clarke, Clerk, to Ronald Gold, Gold & Murphy, Attorney for Frumeh Labow (July 16, 1997)).

¹⁰ *Id.* (citing Petition at 7 and Petition at Ex.1, Tjarks Declaration at 6; Letter from John J. McVeigh, Counsel for GEI, to Paul D'Ari, Chief, Policy and Rules Branch, Commercial Wireless Division at 2 (Aug. 23, 2002) (GEI 308(b) Response)).

¹¹ *Id.* (citing Petition at 7-8 and Ex.1, Tjarks Declaration at 4).

¹² *Id* (citing Petition at 8 and Ex.1 Attachment A).

¹³ Id. at 22191, ¶ 6 (citing Lone Star December 1 Letter at 2 and Ex.2).

Lone Star had not submitted the September 2, 1994 cancellation notice to the Commission. ¹⁴ The Licensing Branch cancelled the license for WNGQ365 on March 28, 2000, on the basis of the cancellation notice, even though the notice was submitted by a third party, not the licensee. On April 7, 2000, the Licensing Branch informed Tjarks of the cancellation and on April 14, 2000, Tjarks wrote a letter to Commission staff asserting that neither he, nor Kohli, nor Glendale had submitted the cancellation notice. ¹⁵ The Licensing Branch subsequently reinstated the station license on June 15, 2000, ¹⁶ and granted the assignment of WNGQ365 to GEI on June 29, 2000.

- 6. On December 1, 2000, Lone Star filed a letter seeking cancellation of the license for WNGQ365, arguing that the station had not been in operation since November 1, 1995. On February 9, 2001, the LAPD filed a letter in support of Lone Star's December 1 Letter. Both parties argued that the station had permanently discontinued operations and, as a result, the license had cancelled automatically. Based on the information provided in the letters, the Licensing Branch issued a letter on March 7, 2001, explaining that the license for WNGQ365 had automatically cancelled pursuant to Section 90.157 of our rules. Section 90.157 provides that a license cancels automatically upon a station's permanent discontinuance of operations, and any station that has not operated for one year or more is considered to have been permanently discontinued.
- 7. GEI filed a petition on April 6, 2001, seeking reconsideration of the license cancellation.²⁰ The Branch issued its decision on November 5, 2002, finding that Station WNGQ365 had discontinued operations from November 1995, to at least May 1998, and, as a result, the license automatically cancelled pursuant to Section 90.157 of our rules.²¹ On December 5, 2002, GEI filed its Application for Review. On December 20, 2002, Lone Star filed an Opposition to the Application for Review.²²

III. DISCUSSION

8. We find that the license for Station WNGQ365 cancelled pursuant to Section 90.157 of our rules, which clearly provides for the automatic cancellation of a station license "upon permanent"

¹⁴ *Id.* (citing Lone Star 308(b) Reply at 6).

¹⁵ *Id.* (citing Letter from A. Verne Tjarks, Glendale Electronics, Inc. to FCC, Gettysburg, Pennsylvania (Apr. 14, 2000)).

¹⁶ *Id.* (citing Letter from Terry L. Fishel, Deputy Chief, Licensing and Technical Analysis Branch, Commercial Wireless Division to A. Verne Tjarks, Glendale Electronics, Inc. (June 15, 2000)).

¹⁷ *Id.* at 22191, ¶ 7 (citing Lone Star December 1 Letter at 2-3).

¹⁸ *Id.* (citing LAPD February 9 Letter at 1-2).

¹⁹ 47 C.F.R. § 90.157.

²⁰ On June 19, 2002, the Branch issued a letter under Section 308(b) of the Communications Act, as amended, 47 U.S.C. § 308(b), seeking additional information from GEI on whether operations for Station WNGQ365 had been permanently discontinued. *Branch Order*, 17 FCC Rcd at 22191-92, ¶ 8 (citing Letter from Paul D'Ari, Chief, Policy and Rules Branch, Commercial Wireless Division to John J. McVeigh, Counsel for GEI (June 19, 2002) (GEI 308(b) Letter)). GEI filed its response on August 23, 2002, and Lone Star filed a reply on September 6, 2002.

²¹ Branch Order, 17 FCC Rcd at 22192, ¶ 9.

²² Opposition to Application for Review, filed by Lone Star Radio, Inc. (Dec. 20, 2002). GEI filed a reply to Lone Star's opposition on January 6, 2003, Reply to Opposition to Application for Review, filed by Glendale Electronics, Inc. (Jan. 6, 2003). Section 1.115 of the Commission's rules allows parties to file replies to oppositions within ten days after the date on which the opposition is filed. Because Lone Star's opposition was filed on December 20, 2002, GEI's reply was due no later than Monday, December 30, 2002. We will not consider GEI's reply here because it is late and does not include a request for waiver of the filing deadline. *See* Mercury PCS II, LLC, *Memorandum Opinion and Order*, 15 FCC Rcd 9654, 9658, ¶ 6 n.30 (2000).

discontinuance of operations."²³ The rule section defines permanent discontinuance of operations as "any station which has not operated for one year or more." In this case, the record reveals that Station WNGQ365 was non-operational from November 1995, to at least May 1998.²⁴ Significantly, GEI does not contest the Branch's finding that Station WNGQ365 was not operating during this period. Instead, GEI raises three alternative arguments. GEI first argues that it must be provided a revocation hearing under Section 312 of the Communications Act, as amended, before its license automatically cancels. GEI also argues that the documents related to the assignment of the station from Glendale to Lone Star were fraudulent, requiring reinstatement of the license. Finally, GEI seeks a waiver of Section 90.157 based on the alleged fraudulent assignment of the station. We address each argument below.

9. GEI argues that the Commission cannot revoke its license for the permanent discontinuation of operations without being afforded a revocation hearing under Section 312 of the Communications Act, as amended.²⁵ GEI's argument is ultimately a direct challenge to our authority to impose on the license for Station WNGQ365 the condition set forth in Section 90.157 of our rules.²⁶ GEI contends that the Commission could not determine by rule that a prohibition against permanently discontinued operations should be a license condition and that permanently discontinuing operations would result in automatic cancellation of the license. We reject this argument. Our authority to impose license conditions is firmly grounded in statutory law. Section 301 of the Communications Act, as amended, provides "[i]t is the purpose of this Act ... to provide for the use of such channels, but not ownership thereof ... under licenses granted by [the Commission], and no such license shall be construed to create any right, beyond the terms, conditions, and periods of the license."²⁷

²³ 47 C.F.R. § 90.157.

The Branch's finding was based on several pieces of evidence presented in this case, including the declaration of Glendale's General Manager that he dismantled the station facilities "on or about" November 1, 1995. Lone Star 308(b) Reply at Ex.A, Declaration of Paul Northup at 3. In his Declaration, Mr. Northup, General Manager of Glendale, stated that he personally removed WNGQ365 and WNHN211 from service "on or about November 1, 1995," and did not put the stations back into operation during his tenure as General Manager of Glendale. *Id.* GEI acknowledged that it only became aware of the license for WNGQ365 in 1998, and, after investigation, found that most of the station facilities had already been removed. GEI 308(b) Response at 3 and 5; *see* Petition at Ex.1, Tjarks Declaration at 11 (acknowledging that radio frequency equipment had been removed). GEI also stated that its "best estimate" of when it restored the station facilities was the week of May 13, 1998. GEI 308(b) Response at 6 and 10, and at Ex.A, Montes Declaration at 1-2. Finally, GEI could not provide any billing records for any unaffiliated subscribers or any other information to suggest it provided service to any subscriber from November 1, 1995, to May 13, 1998. Petition at 7; GEI 308(b) Response at 6 and Ex.A, Montes Declaration at 2-3; *see* 47 C.F.R. § 90.633(d) (failure to provide service to at least one unaffiliated end-user results in automatic cancellation of the license).

²⁵ Application at 10 (citing 47 U.S.C. § 312). Section 312(c) provides that "[b]efore revoking a license or permit pursuant to [the seven conditions under which the Commission may revoke the license or permit listed in] subsection (a), ... the Commission shall serve upon the licensee, permittee, or person involved an order to show cause why an order of revocation ... should not be issued. Any such order to show cause shall contain a statement of the matters with respect to which the Commission is inquiring and shall call upon the licensee, permittee, or person to appear before the Commission at a time and place stated in the order." *Id.* § 312(c).

²⁶ 47 C.F.R. § 90.157. Section 90.157 provides "[a] station license shall cancel automatically upon permanent discontinuance of operations. Unless stated otherwise in this part or in a station authorization, for the purposes of this section, any station which has not operated for one year or more is considered discontinued." *Id*.

²⁷ 47 U.S.C. § 301; *see id.* § 303(r) (authorizing the Commission to "[m]ake such rules and regulations and prescribe restrictions and conditions, not inconsistent with law, as may be necessary to carry out the provisions of this Act").

- 10. Moreover, a license that cancels for failure to satisfy a license condition is not revoked and does not trigger a hearing requirement.²⁸ GEI's argument that the Commission must hold a hearing to determine whether discontinuing station operations for one year or more should result in license cancellation is erroneous. As the Court of Appeals for the District of Columbia stated in *P&R Temmer v*. *FCC*,²⁹ a Commission "licensee takes its license subject to the conditions imposed on its use. These conditions may be contained in both the Commission's regulations and in the license. Acceptance of a license constitutes accession to all such conditions. A licensee may not accept the benefits of the license while rejecting the corresponding obligations."³⁰
- 11. We further reject GEI's argument that we must reconsider in an individual hearing the issues concerning whether a license automatically cancels upon permanent discontinuation of service. The Commission decided in a rulemaking proceeding after notice and comment that it would adopt a license condition that provides for automatic cancellation upon permanent discontinuation of service. In making this decision, the Commission concluded that restricting prolonged periods of discontinued operations is a necessary corollary to promoting the efficient use of spectrum. Accordingly, we decline to reconsider, in this proceeding, the rationale supporting the Commission's decision to adopt rules governing discontinuation of service.
- 12. We also conclude that GEI's reliance on Section 312(g) of the Act is erroneous. Section 312(g) provides for automatic cancellation of a broadcaster's license if its station fails to transmit a broadcast signal for any consecutive twelve-month period.³¹ Congress added Section 312(g) to the Communications Act in 1996, to simplify our regulatory scheme in cases where broadcasters fail to transmit broadcast signals for a prolonged period of time.³² GEI reasons that because Congress did not include what GEI terms as "non-broadcast stations" within the scope of Section 312(g), the Act mandates a hearing under Section 312(c) for any loss of any "non-broadcast" license, including the license for Station WNGQ365.³³ We disagree. The elimination of the hearing requirement for one group of licenses under defined circumstances pursuant to Section 312(g) does not, by itself, circumscribe our authority to establish by rulemaking conditions on licenses with automatic cancellation provisions for other stations or

We also note, as we have previously stated, that license renewal only affords the licensee approval to continue operating under the terms and conditions of the original license. In the Matter of Alee Cellular Communications Cellular Radiotelephone Station KNKN271, New Mexico RSA 3, Market 555A, *Memorandum Opinion and Order*, FCC 03-200 at ¶ 11 (rel. Aug. 8, 2003) (citing In the Matter of Richard Duncan d/b/a Anderson Communications, *Memorandum Opinion and Order on Remand*, 18 FCC Rcd 4189, 4192, ¶ 9 (2003); In the Matter of Donna J. Olson Automatic Cancellation of License for Station WPFN331, *Order*, 18 FCC Rcd 5075, 5077, ¶ 6 (CWD 2003)).

²⁸ See Peninsula Communications, Inc. v. FCC, No. 01-1273, slip op. at 2 (D.C. Cir. Jan. 30, 2003) (finding that rescission of the conditional grant of licenses for failure to satisfy the condition is not a revocation without a hearing as required under Section 312(c) of the Communications Act, 47 U.S.C. § 312(c)).

²⁹ P&R Temmer v. FCC, 743 F.2d 918, 928 (D.C. Cir. 1984).

³⁰ *Id.* (citing *Capital Telephone Co. v. FCC*, 498 F.2d 734, 740 (D.C. Cir. 1974)). The Court in *Temmer* found that a license is modified, for purposes of Section 316 of the Communications Act, as amended, when an unconditional right conferred by the license is substantially affected. *Temmer*, 743 F.2d at 927-28. Because loading requirements were a conditional right that appellants failed to meet, the Court determined that revocation of 15 of 20 channels from appellants' licenses for failing to meet SMR loading requirements did not constitute a license modification and, as a result, appellants were not entitled to a hearing under Section 316. *Id.* at 927.

³¹ 47 U.S.C. § 312(g). Section 312(g) provides that "[i]f a broadcasting station fails to transmit broadcast signals for any consecutive 12-month period, then the station license granted for the operation of that broadcast station expires at the end of that period, notwithstanding any provision, term, or condition of the license to the contrary." *Id.*

³² In the Matter of Implementation of Section 403(1) of the Telecommunications Act of 1996 (Silent Station Authorizations), *Order*, 11 FCC Rcd 16599, 16599, ¶ 3 (1996).

³³ Application at 10.

for broadcast stations under other circumstances. Accordingly, because Section 90.157 was a condition on Glendale's license for Station WNGQ365,³⁴ and because Section 312(c) does not apply, GEI is not entitled to a revocation hearing.

- 13. We further reject GEI's contention that documents relating to the assignment of the station to Lone Star and the cancellation notice were fraudulent and, therefore, require reinstatement of GEI's license for Station WNGQ365. GEI faults Commission staff for failing to take into account its argument that Mr. Kohli did not consent to the 1994 Agreement and that the signatures of Mr. Kohli on documents related to the assignment of the license for Station WNGQ365 and the cancellation notice were allegedly forged. GEI argues that protection of the integrity of the Commission's processes, as well as case precedent, requires further inquiry into these matters. This argument is unpersuasive, however, because Glendale never assigned the license for Station WNGQ365 to Lone Star. Because Glendale never assigned the license for Station WNGQ365 to Lone Star, the integrity of our processes was not affected by the alleged fraud. Moreover, the cancellation notice did not provide the basis for the Branch's finding that Station WNGQ365 permanently discontinued its operations. Accordingly, GEI's allegations of fraud in relation to the cancellation notice or assignment are not relevant to our determination that the license for WNGQ365 cancelled automatically when the station's operations were permanently discontinued.
- 14. For the same reasons, we find that GEI has not presented any basis for granting its request for waiver of Section 90.157.³⁸ GEI contends that if Mr. Kohli neither signed nor agreed to the 1994

³⁴ Branch Order, 17 FCC Rcd at 22194, ¶ 11; see Amendment of Part 90 of the Commission's Rules Concerning the Construction, Licensing, and Operation of Private Land Mobile Radio Stations, Notice of Proposed Rulemaking, 5 FCC Rcd 6401, 6401, ¶ 6 (1990) (Part 90 NPRM) (stating that "[t]he rule governing discontinuance of station operation, like the rule regarding construction, is a condition on a station's authorization. The license is valid only as long as the station had not discontinued operation on a permanent basis, i.e., for one year or more"); A-1-A Repeater Company, Memorandum Opinion and Order, 16 FCC Rcd 9748, 9749, ¶ 6 (2001) (Licensing Branch grant of assignment application set aside where there was no authorization to assign because license automatically cancelled pursuant to Section 90.157); Nationwide Radio Communications, Inc., Memorandum Opinion and Order, 16 FCC Rcd 8129, 8132, ¶ 8 (2001) (in accordance with Section 90.157, 800 MHz General Category system that is non-operational for more than one year is deemed to have permanently discontinued operations, which results in automatic cancellation of the license); Mobile U.H.F., Inc., Memorandum Opinion and Order, 15 FCC Rcd 3286, 3288, ¶ 5 (2000) (under Section 90.157, discontinuance of operations for more than one year results in automatic license cancellation).

³⁵ Application at 11-14.

³⁶ Application at 12-14. In support of these arguments, GEI points to Ronald Brasher, *Order to Show Cause*, *Hearing Designation Order, and Notice of Opportunity for Hearing*, 15 FCC Rcd 16326 (2000) (questionable signatures on assignment applications warrant an evidentiary hearing) and Comtex Communications, Inc., *Memorandum Opinion and Order*, 16 FCC Rcd 4784 (2001) (submission of inauthentic documents in the context of the assignment of a Part 90 license resulted in the reinstatement of the license in the name of the original licensee). Neither of these cases, however, supports GEI's position because the issues raised fall within the scope of Section 312(a) of the Act.

³⁷ Branch Order, 17 FCC Rcd at 22194, ¶ 10. We also note that it is the Commission's long standing policy not to adjudicate private contractual disputes where forums for those disputes exist in state court. See e.g., Listeners Guild, Inc. v. FCC, 813 F.2d 465, 469 (D.C. Cir. 1987) (citing Agreements Between Broadcast Licensees and the Public, 57 F.C.C. 2d 42 (1975); Carnegie Broadcasting Co., 5 F.C.C. 2d 882, 884 (1966); Transcontinental Television Corp., 44 F.C.C. 2d 2451, 2461 (1961)).

³⁸ Branch Order, 17 FCC Rcd at 22195, ¶ 13. Section 1.925(b)(3) of our rules provides that a waiver request may be granted if it is shown that: (1) the underlying purpose of the rule would not be served, or would be frustrated by application to the instant case, and that a grant of the requested waiver would be in the public interest; or (2) in view of unique or unusual factual circumstances of the instant case, application of the rule(s) would be inequitable, unduly burdensome or contrary to the public interest, or the applicant has no reasonable alternative. 47 C.F.R. § 1.925(b)(3).

Agreement or the license cancellation notice, it would be unjust "to penalize" GEI by "stripping GEI of the license." We find that it would not be in the public interest to grant a waiver in this case because the assignment of the license from Glendale to Lone Star never occurred and the cancellation notice did not provide the basis for the determination that Station WNGQ365 permanently discontinued operations. GEI's suggestions of fraud are, therefore, not relevant to the automatic cancellation of Glendale's license for Station WNGQ365. Accordingly, we deny GEI's Application for Review.

IV. ORDERING CLAUSE

15. Accordingly, IT IS ORDERED that, pursuant to Section 4(i), and 303(r) of the Communications Act, as amended, 47 U.S.C. §§ 154(i), 303(r), and Sections 1.115 and 90.157 of the Commission's rules, 47 C.F.R. §§ 1.115, 90.157, the Application for Review filed by Glendale Electronics, Inc. on December 5, 2002, IS DENIED.

FEDERAL COMMUNICATIONS COMMISSION

Marlene H. Dortch Secretary

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³⁹ Application at 13. GEI asserts that "[i]f any actions that Mr. Northup took were not known and countenanced by Mr. Kohli, it is fundamentally unjust and extremely dangerous to attribute them to Mr. Kohli and to invoke them to penalize GEI as successor-in-interest to Mr. Kohli by stripping GEI of the license." *Id.* at 14.